

VITA**VOLUNTEER INSTRUCTORS TEACHING ADULTS, INC.****FINANCIAL STATEMENTS AND INDEPENDENT
AUDITORS' REPORTS****Year Ended June 30, 2010**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 11/3/10

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Volunteer Instructors Teaching Adults
Lafayette, Louisiana

We have audited the accompanying statement of financial position of Volunteer Instructors Teaching Adults, Inc. (VITA) (a not-for-profit corporation) as of June 30, 2010 and the related statements of activities, cash flows and functional expenses for the year ended June 30, 2010. These financial statements are the responsibility of VITA's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the provisions of the Louisiana Governmental Audit Guide. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position on VITA as of June 30, 2010, and the changes in net assets and its cash flows for the year ended June 30, 2010 in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued a report dated September 3, 2010, on our consideration of VITA's internal control over financial reporting and our test of compliance with certain provisions of laws, regulations, contracts, and grants. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.



Louis R. Rolfes II, CPA, APAC
Lafayette, Louisiana
September 3, 2010

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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF BASIC FINANCIAL STATEMENTS
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors
Volunteer Instructors Teaching Adults
Lafayette, Louisiana

We have audited the financial statements of Volunteer Instructors Teaching Adults, Inc. (VITA)(a not-for-profit corporation) as of and for the year ended June 30, 2010, and have issued our report thereon dated September 3, 2010. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the provisions of the Louisiana Governmental Audit Guide.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit, we considered VITA's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of VITA's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of VITA's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with U.S. generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of VITA's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

COMPLIANCE

As part of obtaining reasonable assurance about whether VITA's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Governmental Auditing Standards*.

This report is intended for the information of the Board of Directors, management, the local Board of United Way, the Louisiana Department of Education, and the U.S. Department of Education and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record, and its distribution is not limited.



Louis R. Rolfes II, CPA, APAC
Lafayette, Louisiana
September 3, 2010

VOLUNTEER INSTRUCTORS TEACHING ADULTS, INC.

STATEMENT OF FINANCIAL POSITION

June 30, 2010

ASSETS

CURRENT ASSETS:

Cash - Checking and Savings	\$ 487,229
Grants Receivable	57,612
Other Receivables	-
Prepaid Expenses	-

TOTAL CURRENT ASSETS **544,842**

PLANT AND EQUIPMENT:

Furniture & Equipment	123,520
Accumulated Depreciation	(112,244)

TOTAL PLANT AND EQUIPMENT, NET **11,276**

OTHER ASSETS:

Deposits	390
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TOTAL OTHER ASSETS **390**

TOTAL ASSETS **\$ 556,508**

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:

Accounts Payable	-
Accrued Compensated Absences	1,036
Accrued Payroll Taxes	1,577
Deferred Revenue	2,478
TOTAL LIABILITIES	5,091

NET ASSETS:

Unrestricted:

Operating	522,566
Plant and Equipment	11,276
Total Unrestricted	533,842

Temporarily Restricted **17,575**

Permanently Restricted **-**

TOTAL NET ASSETS **551,417**

TOTAL LIABILITIES AND NET ASSETS **\$ 556,508**

The accompanying notes are an integral part of this statement.

VOLUNTEER INSTRUCTORS TEACHING ADULTS, INC.

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2010

SUPPORT AND REVENUE

Contributions	\$ 8,262
Grants (Note B)	400,694
Donated Services and Facilities	55,875
Fundraising	2,188
Investment Income	26

TOTAL SUPPORT AND REVENUE 467,045

EXPENSES

Advertising, including donated (21,875)	21,875
Bank Charges	207
Banquet Expense	4,180
Contract/Professional Services	5,585
Depreciation	5,857
Professional Services, including donated (3,600)	8,400
Dues and Donations	1,093
Employee and Board lunches	1,759
Insurance	22,172
Miscellaneous	-
Office	6,097
Postage	1,522
Printing, including donated (400)	2,855
Rent, including donated (30,000)	55,584
Repairs and Maintenance	2,508
Salaries and compensated absences	273,538
Staff Training	295
Taxes - Payroll	24,189
Telephone & Utilities	7,557
Training Material	13,377
Travel, Conferences	1,044
Tutor Training	108

TOTAL EXPENSES 459,802

OTHER INCOME (EXPENSES)

Gain (Loss) on Disposal of Assets

TOTAL OTHER INCOME (EXPENSES)

INCREASE IN NET ASSETS \$ 7,243

The accompanying notes are an integral part of this statement.

VOLUNTEER INSTRUCTORS TEACHING ADULTS, INC.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2010

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets - increase	\$ 7,243
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	5,857
Decrease in grants receivable	130,502
Decrease in prepaid expenses/other receivables	1,252
(Decrease) in accounts payable	(12,172)
(Decrease) in accrued payroll taxes & payroll expenses	(5,189)
(Decrease) in deferred revenue	(28,150)
Total adjustments	92,100
Net cash provided by operating activities	99,343

CASH FLOWS FROM INVESTING ACTIVITIES

Additions to property and equipment	(930)
Dispositions of property and equipment	-
Net cash (used) by investing activities	(930)

CASH FLOWS FROM FINANCING ACTIVITIES

Net cash (used) by financing activities	-
Net increase in cash	98,413
Beginning cash balance	388,816
Ending cash balance	\$ 487,229

The accompanying notes are an integral part of this statement.

VOLUNTEER INSTRUCTORS TEACHING ADULTS, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2010

<u>Expenses</u>	<u>Program Services</u>	<u>Supporting Services</u>	<u>Total Expenses</u>
Advertising, including donated	21,875	-	21,875
Bank Charges	155	52	207
Banquet Expense	3,135	1,045	4,180
Contract/Professional Services	4,189	1,396	5,585
Depreciation	4,394	1,463	5,857
Professional Services, including donated	6,300	2,100	8,400
Dues and Donations	820	273	1,093
Employee and Board Lunches	1,319	440	1,759
Insurance	16,629	5,543	22,172
Miscellaneous	-	-	-
Office	4,573	1,524	6,097
Postage	1,142	381	1,522
Printing, including donated	2,141	714	2,855
Rent, including donated	50,026	5,558	55,584
Repairs and Maintenance	1,881	627	2,508
Salaries and Compensated Absences	205,154	68,385	273,538
Staff Training	295	-	295
Taxes - Payroll	18,142	6,047	24,189
Telephone & Utilities	5,668	1,889	7,557
Training Material	13,377	-	13,377
Travel	1,044	-	1,044
Tutor Training	108	-	108
Total Expenses	\$ 362,365	\$ 97,437	\$ 459,802

The accompanying notes are an integral part of this statement.

VOLUNTEER INSTRUCTORS TEACHING ADULTS, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2010

Note A – Nature of Activities and Summary of Significant Accounting Policies

Nature of Activities

VITA is a nonprofit community-based educational organization founded in May 1982 for the purpose of providing tutoring services in the Lafayette area to over 350 adults whose reading skills are very limited or non-existent. Specially trained volunteers who can teach reading, writing, and English speaking skills provide goal-oriented tutoring. Tutoring sessions are held for a minimum of 2 hours twice each week in community locations at a time and place convenient to both tutors and students. VITA provides the professional training, materials and support that enable the volunteers to be effective tutors. Primary funding is provided by annual grants from the Louisiana Department of Education through federal and state money available under the Workforce Investment Act of 1998. September 2008, VITA assumed responsibility for the St. Landry Parish Adult Education program. Through partnership with Louisiana Technical College and Opelousas Housing Authority, VITA tutors over 400 students in Opelousas. VITA governance is maintained by a 15 member Board of Directors, which hires an Executive Director. The Board is very active and meets monthly.

Financial Statement Presentation

The Board of Directors adopted provisions of Statement of Financial Accounting Standards No. 116, **Accounting for Contributions Received and Contributions Made** and No. 117, **Financial Statements of Not-for-Profit Organizations** as of April 1, 1995. Statement of Financial Accounting Standards No. 116 requires the Board to distinguish between contributions that increase permanently restricted net assets, temporarily restricted net assets and unrestricted net assets. It also requires recognition of contributed services meeting certain criteria at fair values. Statement No. 117 establishes standards for general purposes external financial statements of not-for-profit organizations and requires a statement of financial position, a statement of activities and a statement of cash flows.

Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Income Tax Status

The organization qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and, therefore, has no provision for federal income taxes. VITA files an annual 990 tax return for the fiscal year ended June 30th. VITA has no unrelated business income and no tax liability.

Property and Equipment

Property and equipment purchased is recorded at cost. The fair market value of donated assets is similarly capitalized and the donation recorded as restricted or unrestricted support. Depreciation is computed on the straight-line method over the estimated useful lives of the individual assets; generally five to seven years.

Accrual Basis of Accounting

The books are routinely maintained on a cash basis and are converted to the accrual basis at year-end for these financial statements. Accrual basis accounting records revenue when earned rather than when received and records expenses when incurred rather than when paid, in accordance with U.S. generally accepted accounting principles.

Accounting for Restricted/Unrestricted Support

VITA reports gifts of cash and other assets as unrestricted support, even if they are received with donor stipulations that limit the use of the donated assets, if the restrictions are met in the reporting period. Since the majority of temporarily restricted grant funds are of a reimbursable nature, the purpose restriction has usually been met before the grant reimbursement is received.

Deferred Revenue - Grants and exchange transactions

Some grants are actually "exchange transactions" that do not qualify as contributions under SFAS 116. In such cases, revenue is not recognized until the services required by the grant are rendered. Until the revenue is recognized, any cash or grant receivable asset must be offset by a "deferred or unearned revenue" liability. These exchange transactions differ from contributions in that the method or type of services reimbursed is stipulated by the granting authority and not by the nonprofit organization.

Cash Equivalents

For purposes of the statement of cash flows, VITA considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Compensated Absences

Under SFAS 43, an employer generally is required to accrue a liability for employees' rights to receive compensation for future absences. The amount of the compensation is included in Salaries and compensated absences expense and the corresponding liability included on the Statement of Financial Position as of June 30, 2010.

Note B – Federal, State and Local Financial Assistance and Grant Awards & Expenditures (Excludes Deferred Revenue)

Federal Funds

Department of Education**	\$ 199,633
(CFDA #84.002A)	
Department of Health & Human Services	
STEP/TRANF (CFDA #93.558B)	10,296

State/Local Funds

Lafayette Consolidated Government	5,730
La. Department of Education	46,391
Lafayette Parish School Board	<u>20,000</u>
Total Government	282,050

Other

United Way (Lafayette & St. Landry/Evang.)	81,144
Dollar General	20,000
Blue Cross/Blue Shield	7,500
Community Foundation	<u>10,000</u>

Total Grant Awards/Expenditures \$ 400,694

Since all federal and state grants are of a reimbursable nature, grant revenue and expenditures are essentially equal.

*Funding provided under programs for adult basic and English as second language.

^Funding includes \$50,000 in non-recurring Federal Supplemental funds.

Note C – Contributed Services & Facilities (In-Kind)

Contributed services of volunteers are recognized in the statement of activities if the services received:

- (a) Create or enhance non-financial assets (land, building, etc.); or
 - (b) Require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donations.
- Amounts meeting these criteria have been recognized in the following areas:*

Donated advertising	\$ 21,875
Donated rent (Lafayette and St. Landry)	30,000
Donated professional (legal and accounting & computer tech)	3,600
Donated printing	<u>400</u>
TOTAL	<u>\$ 55,875</u>

Note D – Volunteer Tutors

The value of donated services from volunteer tutors is not recognized in the financial statements. Approximately 150 volunteer tutors donated approximately 22,500 hours of time in tutoring approximately 350 adults in Lafayette and 400 adults in St. Landry Parish in the various literacy programs. Because these donated services do not meet the criteria as described in Note C, they are not recorded in the financial statements.

Note E – Subsequent Events

Subsequent to the balance sheet date of June 30, 2010, but prior to the issuance of this report, VITA has not received a notice of allocations recommended by the Louisiana Department of Education Adult Education program for the fiscal year July 1, 2010 to June 30, 2011 but the grant award is expected to be lower than the current year due to State budget cuts. This grant includes both federal and state funds. The \$50,000 of Federal Supplemental funds will not repeat in 2010-11.

The grant from United Way of Acadiana for 2011 is expected to be approximately \$25,000 for family literacy and \$48,000 for workplace literacy, but cannot be confirmed until award letters go out in January 2011, and United Way of St. Landry-Evangeline will be about \$6,000 for a small decrease.

Note F – Lease Commitments

VITA renewed a two-year lease (with a two year renewal option) for the Lafayette office commencing on May 1, 2010 and expiring on October 31, 2012 with Whitney National Bank. The lease calls for a base monthly rent of \$6.50 per square foot, increasing to \$7.00 per foot on November 1, 2011 (VITA occupies 3,743 square feet), and does not require VITA to pay a share of the excess operating costs. The lease with Whitney National Bank is at a rate which is 50% of fair market value rent for the building's commercial tenants.

The donated portion of both the office space and computer lab in Lafayette and the space in Opelousas is recorded in the line item "donated services and facilities" in the Statement of Activities. The rent expense line item reflects total rent (including the donated portion) as if the fair market value had been paid. See footnote C for further explanation of the proper accounting of donated services and facilities.

Scheduled payments under current lease obligations:

	<u>Lafayette</u>
Year Ended June 30,	
2011	24,098
2012	25,577
2013	8,734
2014	--
2015	--
	<u>\$58,409</u>

Note G – Grants Receivable on 2009-2010 grant periods that extend past June 30, 2010

TANF – STEP	858
La. Dept. of Education (BASIC)	10,266
La. Dept. of Education (ESL)	1,965
Federal Supplement	4,167
United Way – Lafayette	37,559
Lafayette Consolidated Government	<u>2,797</u>
Total	<u>\$ 57,612</u>

Note H – Major Grantor/Concentration

For the year ended June 30, 2010, VITA had three major grantors, support from which was approximately 87% of total cash support/revenues. Support from these agencies was approximately \$357,500 for the year ended June 30, 2010. These grantors are the Louisiana Department of Education (both State and Federal), Lafayette Parish School Board, and United Way of Acadiana and St. Landry. Going forward, the Department of Education grants will now be administered by the Louisiana Community and Technical College System.

Note I – Donated Tutor Sites

The value of approximately 70 free tutoring sites at libraries, recreation buildings, offices, schools, churches, etc. is not recognized in the financial statements. Because these donated sites do not meet the criteria as described in Note C, they are not recorded in the financial statements; but they provide a vital free service to VITA's tutoring programs in Lafayette and Opelousas.

Concluded